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OFFICE OF HOMELAND SECURITY

February 4, 2009

Loren Snell
Division Chief
Department of Forestry and Fire Protection
P.O. Box 944246
Sacramento, CA 94244

Monitoring Report #M08-030

Dear Chief Snell

On November 25, 2008, the Office of Homeland Security (OHS), Monitoring and Audits Unit, Program Monitor, James Lewis conducted a desk monitoring review for the purpose of monitoring the California Department of Forestry and Fire Protection OHS Grant Programs. I wish to thank you and your staff for the courtesy extended to Mr. Lewis during the review process. Enclosed, you will find the monitoring report for the following grants:

GRANT	PROGRAM NAME	PERIOD MONITORED
2002-0133 #000-92003	FY02 State Domestic Preparedness Equipment Program	08/01/02 - 03/31/04
2003-0035 #000-92003	FY03 Part II State Homeland Security Grant Program (SHSGP)	07/01/03 - 10/31/04
2004-0045 #000-92003	FY04 Homeland Security Grant Program (HSGP)	12/01/03 - 11/30/05

The monitoring included a review of staffing needs, operational practices, source documentation, activities, and data reporting requirements. In addition, the monitor examined the grant for compliance with federal financial, administrative and auditing requirements, program guidelines, and other mandates as applicable. Finally, the monitor performed a selected review of accounting records that support the amounts claimed in your reimbursement requests. Project expenditures were validated to provide reasonable assurance that expenses are related to the grant, proper records are maintained, and expenditures are properly authorized and recorded.

As a reminder, the purpose of monitoring is to assist projects in the achievement of their goals and aiding them in administering their grant funds in the most effective and efficient manner. The monitoring is used as a tool to assist the subgrantee in complying with these requirements. Your OHS Program Representative will receive a copy of the monitoring report. Their name and phone number are identified on the face sheet of the report.

If the monitoring report does not identify any findings, a Corrective Action Plan is not necessary and the monitoring process is complete. **If any findings are identified in the monitoring report, you will have 120 days from the last day of the monitoring review to submit a Correction Action Plan to the Program Monitor.**

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The corrective action process provides two options:

Option One – The subgrantee self certifies by the submission of an Action Plan that details the corrective steps implemented, and that any finding(s) noted in the monitoring report are resolved.

Option Two – Submission of an outlined Corrective Action Plan that addresses the findings noted in this report to be reviewed and approved by OHS program staff (i.e. technical assistance).

When corresponding to our office regarding this monitoring report, please include the monitoring control number on all correspondence. Send your response to:

Governor's Office of Homeland Security
Grants Administrative Section
Monitoring & Audits Unit
State Capitol
Sacramento, California 95814

Thank you for your participation in the monitoring process. If you have any questions regarding this letter or the attached report, please feel free to contact me at (916) 323-9153.

Sincerely,



Brendan A. Murphy
Deputy Director
Division of Administration
Monitoring & Audits Unit

Attachment

cc: Mark Tolbert, Assistant Chief, CAL Fire Programs
Sarah Knight, OHS Program Representative
Monitoring & Audits Unit, chron file
Grants Management Unit, grant file

Monitoring Report Response Form

TO: Governor's Office of Homeland Security Grant Management Section Monitoring & Audits Unit State Capitol Sacramento, CA 95814	Grant Numbers: 2002-0133 2003-0035 2004-0045 Monitoring Control #M08-030 Number: Response Due: March 18, 2009 Date
Attention: Brendan A. Murphy Deputy Director	

FROM: Subgrantee: State Department of Forestry & Fire Protection

Completed

☐

I have reviewed the above referenced monitoring report and have submitted for your review and approval, an outlined Corrective Action Plan that addresses the findings noted in this report to be reviewed and approved by OHS program staff.

Authorized Signature

Title

Date

Typed Name

Title

Telephone Number



CALIFORNIA GOVERNOR'S OFFICE OF HOMELAND SECURITY MONITORING NARRATIVE REPORT

GRANT/FIPS NUMBER	PROGRAM NAME	PERIOD MONITORED	MONITORED AMOUNT
2002-0133 #000-92003	FY02 State Domestic Preparedness Equipment Program	08/01/02 to 03/31/04	\$1,575,264
2003-0035 #000-92003	FY03 Part II State Homeland Security Grant Program (SHSGP)	05/01/03 to 10/31/04	\$3,186,426
2004-0045 #000-92003	FY04 Homeland Security Grant Program	12/01/03 to 11/30/05	\$60,547

State of California Department of Forestry & Fire Protection			
AUTHORIZED AGENT:	Loren Snell	ADDRESS:	P.O. Box 944246 Sacramento, CA 94244
CONTACT EMAIL:	Loren.snell@fire.gov		
CONTACT PHONE NUMBER:	(916) 653-6198		
ALTERNATE POINT of CONTACT:	Mark Tolbert		
CONTACT EMAIL:	Mark.tolbert@fire.gov		
PROGRAM REPRESENTATIVE:	Sarah Knight	E-mail:	Sarah.Knight@ohs.ca.gov
PHONE NUMBER:	(916) 322-9067		
PROGRAM MONITOR:	James Lewis	E-mail:	James.Lewis@ohs.ca.gov
PHONE NUMBER:	(916) 322-2335	DATE OF MONITORING:	November 18, 2008

PERSONS INTERVIEWED DURING MONITORING VISIT

NAME	TITLE	AGENCY
Mark Tolbert	Assistant Chief, Cal Fire Programs	Cal. Dept. Forestry & Fire Protection

Prepared by:

James Lewis, Program Monitor, OHS Administration Division, Monitoring & Audits Unit

Date

2/3/2009

Approved by:

Brendan A. Murphy, Deputy Director, OHS Administration Division, Monitoring & Audits Unit

Date

2/5/09

California Department of Forestry & Fire Protection

Monitoring Report

Monitoring Report Summary	Total # of Items in Category	In Compliance	Not in Compliance	Not Monitored	Not Applicable	Total
A. Administrative Review						
Review of Audit Reports	2	1		1		2
Grant Assurances	1	1				1
Grant Approval Notification	2	2				2
Performance Reports	1		1			1
Homeland Security Strategies	1		1			1
Publication of Published Materials	1				1	1
B. Programmatic Review						
Program Goals and Objectives	2	2				2
Exercise	2				2	2
Training	1				1	1
Planning	1				1	1
C. Financial Management						
Accounting System	8	4	4			8
Distribution of Funds	1				1	1
Advance of Funds	2				2	2
Change Requests/Modifications	2	2				2
Maintenance of Records	1				1	1
D. Fiscal: Personnel Services						
Management and Administrative Services	3				3	3
Overtime/Back Fill	3				3	3
E. Fiscal: Procurement						
Responsibility	1		1			1
Methods of Procurement	4		4			4
F. Fiscal: Equipment & Property Management						
Equipment Purchases	3	3				3
Property Management & Records Keeping	2	1	1			2
G. Subgrantee Monitoring & Oversight						
Subrecipient single audit requirements	1		1			1
Management and Administrative Responsibility	1				1	1
Overtime/Backfill/CTO Responsibility	1				1	1
Procurement Responsibility	1	1				1
Equipment & Property Management Responsibility	1	1				1
Total	49	18	13	1	17	49

California Department of Forestry & Fire Protection

Monitoring Report

PROGRAM SUMMARY

Corrective Action Plan: Required

MONITORING REPORT DETAIL

A. Administrative Review: Subgrantee in compliance (4 items); Subgrantee not in compliance (2 items); Subgrantee not monitored (1 item); Not applicable for Subgrantee (1 item).

1. **Review of Audit Report:** Subgrantee in compliance (1 item); Subgrantee not monitored (1 item).

a. Audit reports submitted as required. Subgrantee in compliance (1 item).

b. Findings noted and corrective action plan addressed. Subgrantee not monitored (1 item).

Note: Although the subgrantee reportedly submitted the most recent Single Audit Report; the Monitor could not locate it and advises the Subgrantee to submit another SAR.

2. **Grant Assurances:** Subgrantee in compliance (1 item).

3. **Grant Approval Notification:** Subgrantee in compliance (2 items).

4. **Performance Reports:** Subgrantee not in compliance (1 item).

Requirement: Per the FY 2002-0133 Grant Guide, the Final Performance Report, the Operational Agency is required to prepare and submit quarterly progress reports to the Office of Emergency Services for the duration of the grant period, or until all grant activities are completed and the grant is formally closed.

Finding #1: The subgrantee did not submit to the OHS a Final Performance Report for the FY 2002-0133 grant as required.

Action Required: The subgrantee must ensure that all required performance reports are submitted as required, which also extends to the final report detailing what the grant performed over the period.

5. **Homeland Security Strategies:** Subgrantee not in compliance (1 item).

A. 5. **Requirement:** Per the FY 2004-0045 Grant Guide, the subgrantee must specify State Homeland Security Strategy goals and objectives.

California Department of Forestry & Fire Protection Monitoring Report

Finding #2: The subgrantee did not provide the OHS with an account of their State Homeland Security Strategy at the time of the review.

Action Required: The subgrantee is required to provide the OHS with a copy of their State Homeland Security Strategy.

6. **Publication of Materials:** Not applicable for Subgrantee (1 item).

B. **Programmatic Review:** Subgrantee in compliance (2 items); Not applicable for Subgrantee (4 items).

1. **Program Goals & Objectives:** Subgrantee in compliance (2 items).

2. **Exercise:** Not applicable for Subgrantee (2 items)

3. **Training:** Not applicable for Subgrantee (1 item).

4. **Planning:** Not applicable for Subgrantee (1 item).

C. **Financial Management:** Subgrantee in compliance (6 items); Subgrantee not in compliance (4 items); Not applicable for Subgrantee (4 items).

1. **Accounting System:** Subgrantee in compliance (4 items); Subgrantee not in compliance (4 items).

a. Financial Reporting: Subgrantee not in compliance (1 item).

Requirement: Title 28CFR66.20 (b) (2) states, in part, that subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, outlays and expenditures to permit the tracing of grant funds for a clear audit trail.

Finding #3: The invoices provided by the subgrantee were not stamped nor had any indication they were paid according to the ledgers provided for reconciliation. Furthermore, the lack of a chart of accounts and ledgers

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Monitoring Report

- C. 1. a. **Action Required:** For the FY 2002-0133 and FY 2003-0035 grants, the subgrantee must submit appropriate accounting records, i.e. the ledger sheet similar to the one used for the other grant years in order for the monitor to verify a clear audit trail exist. Furthermore, the subgrantee must state in the Corrective Action Plan that all invoices will include indication of payment or sufficiently allow for the tracing of grant funds. The monitor did recommend to the authorized agent the use of a stamp that would include the grant, grant year, grant source, budget amount, project, date and signature.

- b. Source Documentation: Subgrantee not in compliance (1 item).

Requirement: Title 28 CFR Section 66.20(b)(6) and DOJ Fin. Guide Part III, Chpt 12 p.102 states in part that "accounting records must be supported by such source documentation as the general ledger, supporting accounting transactions, invoices, subsidiary ledgers, cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrantee award documents, and etc."

Finding #4: At the time of the review, the subgrantee did not have a financial record system that suffices the level of detail required to validate the costs charged and ensure that the subgrantee had not, in fact, doubled-billed grant related funds. Due to a lack of consistency with invoice coding on the part of the subgrantee, the subgrantee could not ensure that they have not doubled-billed.

For instance, none of the invoices sampled for the FY 2002-133, FY 2003-0335 and FY 2004-0045 grants were marked with any identifying information that would clearly demonstrate that those costs were designated to a specific grant and/or fund source.

Action Required: The subgrantee needs to self-certify that a system containing the necessary information pertaining to expenditures, has been instituted to ensure all original and/or subsidiary documentation have safeguards in place that adequately account for costs charged to OHS grants. Those same costs are also not to be billed and/or reimbursed by another funding source. The monitor recommends that the subgrantee purchase a stamp and submit a copy of the stamp that can be used on each document that is received for payment (invoices). The stamp will identify the grant number, payment source, date paid, and project.

- c. Double Billing: Subgrantee not in compliance (1 item).

Requirement: Pursuant to 28CFR66.20 (b) (2) the subgrantee must ensure that costs charged to OHS were not also billed and/or reimbursed by other funding sources.

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- C. 1. c. ***Finding #5:*** At the time of the desk review, the subgrantee did not have a financial record system to ensure that the subgrantee had not in fact doubled billed grant related funds. Due to a lack of consistency with invoice coding on the part of the subgrantee, the subgrantee cannot themselves ensure that they have not in fact doubled billed.

Action Required: The subgrantee should submit a copy of the stamp that will be used on each document that is received for payment (invoices), the stamp will identifies the grant number, grant source, amount, date paid, project and signature. Further, the subgrantee needs to submit a written corrective action plan that ensures that all original and subsidiary documentation has safeguards that adequately ensure that costs charged to OHS grants are not also billed and/or reimbursed by other funding sources by containing the necessary information pertaining to expenditures.

- d. *Supplanting:* Subgrantee in compliance (1 item).
- e. *Accounting Basis:* Subgrantee in compliance (1 item).
- f. *Commingling of Funds:* Subgrantee in compliance (1 item).
- g. *General Ledger Accounting Structure:* Subgrantee not in compliance (1 item).

Requirement: 28 CFR 66.20(b) (2) states, in part, that subgrantees must maintain records which accurately identify the source and application of funds provided. These records must contain information pertaining to outlays and/or expenditures.

Finding #6: At the time of the desk review the subgrantee was unable to submit a general ledger for each grant year monitored that accurately reflected the cost expenditures separated by activity, reimbursement period, projects, and fund source and solution area activities. For example, the subgrantee submitted invoices the FY 2002-0133 and FY 2003-0035 together without ledgers that would have separated them into the correct grants. The Monitor could not accept the Detail Sheet as the General Ledger.

Action Required: The subgrantee must provide a general ledger or subledgers for each of the grants to accurately reflect all cost expenditures. Further, the subgrantee needs to submit a written corrective action plan that ensures that all original and subsidiary documentation has safeguards that adequately ensures that ledgers will accompany all invoices to accurately reflect and detail all cost expenditures.

- h. *Costs Directly Related:* Subgrantee in compliance (1 item).

- C. 2. ***Distribution of Funds:*** Not applicable for Subgrantee (1 item).

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3. **Advance of Funds:** Not applicable for Subgrantee (2 items).
4. **Change Request/Modifications:** Subgrantee in compliance (2 items).
5. **Records Maintenance:** Not applicable for Subgrantee. (1 item).

Off Site Storage & Accessible: Not applicable for Subgrantee (1 item).

Note: All records are kept at the same location.

D. Fiscal: Personnel Services: Not applicable for Subgrantee (6 items).

E. Fiscal: Procurement: Subgrantee not in compliance (5 items).

1. **Responsibility:** Subgrantee not in compliance. (1 item).

Requirement: 28CFR66.35 and 66.36 states that the subgrantees are responsible for maintaining a written code of standards of conduct regarding the settlement and satisfaction of all contractual and administrative issues arising from contracts of the subgrantee and grant award procurements. This responsibility includes, but [is] not limited to the procurements process, Davis-Bacon Act, NEPA/CEQA, disputes, debarment and/or exclusion issues, and protests of awards.

Finding #7: Although this compliance is covered for the agency under the State Administrative Manual (SAM) and Peace Officers Standards & Training (POST) Administrative Manual, the subgrantee must provide records to substantiate their adherence to the State's rules for this compliance.

Action required: Although this compliance is covered for the agency under the State Administrative Manual (SAM) and Peace Officers Standards & Training (POST) Administrative Manual, the subgrantee must provide records to substantiate their adherence to the State's rules for this compliance.

2. **Methods of Procurement:** Subgrantee not in compliance (4 items).

a. Small Purchases: Subgrantee not in compliance (1 item).

2. a. **Requirement:** In accordance with 28CFR66.36 (d) and DOJ Financial Guide Part III, p. 90-93, the subgrantee must be able to identify small purchases as a simple method of procurement for services or goods that cost less than \$100,000.

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Finding #8: The subgrantee, at the time of the review, was unable to provide records to substantiate their adherence to the State's rules for this compliance. The monitor could not evaluate the subgrantee's compliance to this requirement.

Action required: The subgrantee must be able to provide records to substantiate their adherence to the State's rules for this compliance.

- b. Formal Advertisement Invitation for Bid (IFB): Subgrantee not in compliance (1 item).

Requirement: In accordance with 28CFR66.36(d)(2) and DOJ Financial Guide Part III, p. 90-93, the subgrantee must comply that for purchases for \$100,000 or over, Invitations for Bids must be publicly solicited and a firm fixed-price contract is awarded to the lowest bidder.

Finding #9: The subgrantee could not provide records to substantiate their adherence to the State's rules for this compliance; thus, the Monitor could not find the subgrantee in compliance with the requirement.

Action required: The subgrantee must provide records of Formal Advertisement Invitations (IFB) to substantiate their adherence to the State's rules for this compliance.

- c. Competitive Proposals: Subgrantee not in compliance. (1 item).

Requirement: In accordance with 28CFR66.36 (d) (3), the subgrantee must be able to identify small purchases as a simple method of procurement for services or goods that cost less than \$100,000.

Finding #10: The subgrantee, at the time of the review, was unable to provide records of Competitive Proposals to substantiate their adherence to the State's rules for this compliance; thus, the monitor could not find the subgrantee in compliance with this requirement.

Action required: The subgrantee is required to provide records to substantiate their adherence to the State's rules for this compliance.

- d. Noncompetitive Proposals: Subgrantee not in compliance (1 item).

- E. 2. d. **Requirement:** In accordance with 28CFR66.36(d)(4) (i), the subgrantee must be able to prove solicitation of a proposal from only one source (sole source) or after the various proposals are determined to be inadequate.

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Finding #11: The subgrantee, at the time of the review, was unable to provide records of Competitive Proposals to substantiate their adherence to the State's rules for this compliance; thus, the Monitor could not find the subgrantee in compliance with this requirement.

Action required: The subgrantee is required to provide records to substantiate their adherence to the State's rules for this compliance.

F. Fiscal: Equipment & Property Management: Subgrantee in compliance (4 items); Subgrantee not in compliance (1 item).

1. **Equipment Purchases:** Subgrantee in compliance (3 items).
2. **Property and Records keeping:** Subgrantee in compliance (1 item); Subgrantee not in compliance (1 item).
 - a. Inventory Control: Subgrantee not in compliance (1 item).

Requirement: 28 CFR 66.32(d)(1) states in part "...records must be maintained that include a description of the property, a serial number or other identification number ..."

Finding #12: In review of the FY02-133, FY03-035, and FY04-045 grants, the Monitor found that the subgrantee submitted only one equipment log (for FY 2004-0045) that did not include, the serial numbers or other identification numbers, location & description of equipment. Further, much of the equipment was unavailable for the Monitor to view at the fire stations due to fire emergencies throughout the state at the time of the monitoring.

Action Required: The subgrantee must provide a complete and comprehensive equipment property log for FY 2002-0133, FY 2003-0035 and FY 2004-0045 for all equipment related purchases under the homeland security grant programs. Additionally, the subgrantee must provide a corrective action plan to ensure that in the future, there is a sufficient equipment property log.

- b. Property Management: Subgrantee in compliance (1 item).

G. Subgrantee Monitoring & Oversight: Subgrantee in compliance (2 items); Subgrantee not in compliance (1 item); Not applicable for Subgrantee (2 items).

- G.
 - a. Audits of Subrecipients Responsibility: Subgrantee not in compliance (1 item).

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Requirement: Per the DOJ Financial Guide, Chapter 9, pg. 87: "The primary recipient is responsible for monitoring the sub-recipient and ascertaining that all fiscal and programmatic responsibilities are fulfilled."

Finding #13: The Monitor made the citation because the subgrantee did not provide a statement, agreement or "contract" that formalizes that all subawarded fiscal, programmatic responsibilities are to be fulfilled accordingly by the subgrantee.

Action required: The subgrantee must provide a statement, agreement or "contract" that formalizes that all subawarded fiscal, programmatic responsibilities are to be fulfilled accordingly by the subgrantee.

- b. Management & Administration (M&A) Responsibility: Not applicable for Subgrantee (1 item).
- c. Overtime/Backfill/CTO Responsibility: Not applicable for Subgrantee (1 item).
- d. Procurement Responsibility: Subgrantee in compliance (1 item).

Note: Although there was a finding in E.1., the Monitor judged that the subgrantee does maintain responsibility for all procurement standards per the DOJ Financial Guide, Chapter 9, pg. 87.

- e. Equipment & Property Management Responsibility: Subgrantee in compliance (1 item).

